



A food market about to happen — Page 3

Chicken chains hatching fast-food trend — Page 24



Admaker Joe Sedelmaier amuses, sells — Page M-4

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Advertising Age

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November 1, 1982



Former Secretary of State Alexander Haig (r.), a speaker at the American Magazine Conference in Puerto Rico, is greeted by new MPA president William Gorog and conference chair Cathleen Black of New York. (Other conference stories on Page 80.)

MPA told decade holds new battles

By STUART J. ELLIOTT and STUART EMMRICH

DORADO BEACH, P.R.—At times, the 1982 American Magazine Conference seemed like a veterans' reunion.

Executives of the nation's top magazines spent much of their time last week recalling the wars they fought and won in the 1970s: Slowing the rise in postal rates, bringing paper costs under control, convincing readers and advertisers they must increase the prices they pay.

Yet, unlike the veterans who spend their lives refighting old

battles, the top brass here realize there are more to come.

"The challenges of the 1980s will be difficult to meet," said William F. Gorog, the new president of the Magazine Publishers Assn., which sponsored the conference. He added that unlike past challenges, which could be handled as they arose, "We're not going to have that luxury of waiting for things to develop."

"We are going to have to be more efficient managers. If we aren't, we are going to be kicked in the tail by advertisers and consumers," said James Horton, publisher. (Continued on Page 81)

Election tv key to net news race

By DIANE MERMIGAS

Mid-term election coverage by the three commercial tv networks Tuesday will be the latest wave of combat in their intensifying war for news prestige and ratings.

Industry sources speculate each network will spend more than \$2 million on a single day and night of election coverage.

The election of senators, congressmen and governors, which, except for key races has been of lesser interest to the networks in the past, this year comes at a critical time in the evening news sweepstakes.

NBC is struggling to establish viewer support for its new anchor team and to reverse its ratings slide, having gone from an average 10.2 rating and 22% share of the national tv audience July through September, 1981, to an average 9.4 rating and 20 share for the same three months this year. Tom Brokaw and Roger Mudd, who replaced (Continued on Page 82)

AS BURGER KING PULLS BACK

Big Mac ads hit back at BK

By RICHARD KREISMAN

McDonald's Corp. is unleashing a Big Mac attack on Burger King, just as Burger King begins a phase-out of its controversial comparative drive, the result of an out-of-court settlement of the two lawsuits brought by McDonald's and Wendy's.

The Miami chain on Friday agreed to "phase out" the comparative commercials, saying, "their purpose has been served." Why Burger King decided to settle the pending cases is not known; as late as last Wednesday Burger King USA president J. Jeffrey Campbell said the chain had not ruled out an extension of the publicity-sparking campaign. Its franchisees were enthusiastic about it and the sales results were positive.

In a prepared statement, Burger King said the three parties had agreed not to disclose the terms of the agreement. A BK spokesman did say the spots would be phased out "through December." No replacement advertising will be

used.

No. 1 McDonald's, however, is bouncing back from the month-long comparative barrage with a wave of interview-format customer testimonials. The first spot, which broke this past weekend, features McDonald's patrons talking about food, food quality, restaurant environment, service and value.

The theme of the advertising is: "That's my McDonald's."

More testimonial spots are in the works, according to William Youngclaus, vp-marketing, who said the company has not determined how long the campaign will run. The commercials are going to be rotated with McDonald's current network advertising.

It is believed that the new spots are an interim effort. McDonald's agency, Leo Burnett USA, Chicago, currently is working on a new over-all campaign for the Oak Brook, Ill., chain. That effort could break as soon as early 1983, sources report. Mr. Youngclaus said, "It is (Continued on Page 78)

last minute news

GM places 10.9% lid on '82 car, truck loans

DETROIT—General Motors joins the move to lower auto loan rates today with the "GMAC Great Rate Break"—a 10.9% ceiling on loans for unsold 1982 cars and trucks. A multimedia ad campaign will talk of average savings of \$1,300 through General Motors Acceptance Corp. loans. Campbell-Ewald handles GMAC.

Miles Labs introducing high-potency Vitapace

ELKHART, IND.—Miles Laboratories is introducing high-potency One-A-Day Vitapace, which releases B complex and C in two stages during an eight-hour period, plus three "enriched" One-A-Day single-stage vitamins. Tv support breaks in February and includes cable. Magazine ads, extensive couponing and refunds also are planned for the \$4.5 million campaign. Miles also is extending its children's line with Flintstones Complete. It will be supported with \$4.5 million worth of daytime and prime (Continued on Page 8)



It's survival of the fittest in this football city

With the football Detroit Lions out of action, the Detroit Zoo picked up the ball. "Come see the lions

play," tv spots say. W.B. Doner & Co. produced, from an idea of Campbell-Ewald vp Jim Hartzell.

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Kroll becomes Y&R titan in exec shifts

By CHRISTY MARSHALL

NEW YORK—Alexander Kroll's appointment as the first president Young & Rubicam Inc. has had in 16 years clearly crowns him as heir apparent to the company's chief executive officer, chairman Edward Ney. He takes a post that has been vacant since the departure of George Gribbin, who held the job from 1961 to 1966.

As the 44-year-old Mr. Kroll, who had been president of Y&R

USA, its major unit, takes another big stride in the Y&R corporate hierarchy, his colleague Alexander Brody, president of Y&R International, steps out of the race (AA, Oct. 4). Some agency sources say Mr. Brody, 49, believed the president-chief operating officer title should be his. But according to Mr. Kroll, "Mr. Brody decided to take down his world-traveling pace a bit" and move "to a slightly slower gait." The new Y&R Inc. president added that the initiative for Mr.

Brody's move came from Mr. Brody.

Another Y&R rising star, Peter Georgescu, 43, who has headed the company's central region as exec vp-director, takes the post of president of Y&R International. Jay McNamara, 48, exec vp-manager of Y&R New York, succeeds Mr. Kroll as head of the USA company. Mr. McNamara in turn is succeeded by John P. McGarry, 42, exec vp-director of marketing, Y&R USA.

All the appointments are effective Jan. 1.

Mr. Brody will retain his seat on the Y&R board, his membership on the Dentsu-Y&R committee and will be working on creative projects for the agency worldwide.

Mr. Kroll, who came up the creative side, indicated there will be some differences in management priorities. "I want to be more involved in the creative, media and research products of the agency, and to do my best to make

them the best in the different markets," Mr. Kroll said. "I want to make sure we have a structure that always allows the best people to keep their hands on accounts, and not to be sucked up into other things like administration and managing. My role is to persistently execute these ideas."

But, he stressed, Mr. Ney "is still boss. I won't top Ney. We will do different things."

Reporting to Mr. Kroll in his (Continued on Page 78)

J&J, FDA ready new spots

By NANCY GIGES

Rebuilding of the Tylenol brand began in earnest last week with the resumption of regular advertising for Tylenol maximum strength sinus tablets, Tylenol children's chewable tablets and liquid and Co-Tylenol cold tablets.

Meanwhile, reaction to the earlier Tylenol contaminations continued on several fronts:

- As the number of reports received by the Food & Drug Administration of poisoning attempts through food and drug tampering exceeded 270, that agency rushed a 30-second public service tv spot to stations in an effort to tell consumers how to take precautions without creating widespread alarm.
- Bristol-Myers plans to run newspaper ads early this week in Colorado to tell consumers how to ex-

change Excedrin capsules for tablets. This measure follows a poisoning incident in that state that led the company to remove all Excedrin capsules from Colorado shelves and urge consumers to switch to tablets.

• FDA sent its recommendation for a tamper-resistant regulation to the Office of Management & Budget for review and expects to publish (Continued on Page 78)

RC Cola account under review, too

Arby's studies major revamp

By ROBERT REED
and RICHARD KREISMAN

Stepped-up competition within the soft drink market is forcing Royal Crown Cola Co. to re-evaluate marketing strategies for its cola brands, prompting an ad agency review. And parent company Royal Crown Cos.' fast-food subsidiary, Arby's, is not only reviewing agencies but working with a marketing consulting company about a major repositioning of the chain.

The Atlanta-based chain is readying a new strategy that calls for a significant repositioning, though

roast beef is expected to remain on the menu. Although not disclosing details of the new strategy, Larry Krueger, senior vp-marketing, said, "Arby's has a high reliance on beef and total beef consumption is on a downward trend. We are leaders in a market that's declining. We are now in the process of deciding what to do about that fact."

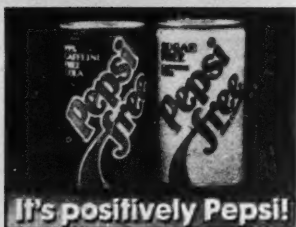
■ The strategic change is most likely to focus on Arby's menu and service concepts. In the past year, sales impetus has come from the rollout of its Deli Specialties sandwich line, which now accounts for about 20% of total chain sales, Mr.

Krueger said. The chain's diversified menu is the focus of a new network tv campaign from LPG, which broke last week (AA, Oct. 11).

The chain is looking for an agency with strong marketing and research credentials to replace Lois Pitts Gershon, New York. It already has queried a number of New York agencies on a pitch. The chain spends \$6 million to \$9 million on advertising nationally.

A decision is expected by December.

Per-unit Arby's sales reportedly lag behind industry averages and (Continued on Page 78)



Rolling Free

In its as-quick-as-possible national rollout, Pepsi Free has entered the Philadelphia area. BBDO-created tv spot breaks today, touting both regular and sugar-free versions of the caffeine-free soft drink.

highlights

Monday, November 1, 1982

Michael Pedone leaves Warwick Advertising to become president of HBM/Stiefel, New York. See Page 6.

International Playtex has assigned its Pennaco hosiery division to Rosenfeld, Sirowitz & Lawson, already agency for Playtex's Jhirmack haircare line. See Page 10.

The familiar Look logo will be back in bookshops this week as a one-shot publication of photographs titled, "Grace Kelly, an American Princess." See Page 10.

KTLL in Los Angeles will change hands in a transaction that will reorganize its parent, Golden West Broadcasters. See Page 12.

TV Guide is using a Time Inc.-connected cable system to boost subscriptions as Time Inc. prepares its new cable tv magazine. See Page 12.

Del Monte is attempting to solidify its position as the leading frozen Mexican food marketer in the U.S., with a new ad campaign for its Patio line. See Page 14.

A study commissioned by American Telephone & Telegraph has resulted in a disagreement over exposure of two of its ad campaigns. See Page 20.

The dream of Japanese motorcycle makers to enlarge their market beyond enthusiasts has become a casualty of the recession. See Page 32.

If a product's success is measured by the number of imitations it inspires, Europe Craft has a winner with its Members Only jackets. See Page 42.

Dancer Fitzgerald Sample and its Japanese partner, Nippon Design Center, have grabbed a slice of Toshiba's international corporate advertising account. See Page 45.

California-based Magnetic Tape International wants to do for calculators what Bic Pen Corp. did for pens—make them inexpensive and disposable. See Page 50.

Burger King has turned the Canadian ban of its "taste test" commercials into a positive marketing thrust. See Page 65.

RDR Associates/Time Buying Services has settled a tangled legal dispute with Sam Wyman, RDR's former chairman. See Page 65.

Prudential-Bache Securities will spend \$3 million this month alone for a campaign to establish its new name with investors. See Page 77.

CORPORATE CLOSEUP

Worried Chevrolet dealers complaining of unfocused marketing have led to advertising that sells the Chevrolet division. See Page 4.

VIDEOTECH

"Greatest Sports Legends" has reached its 10th season, a milestone for the first-run syndicated series. See Page 54.

After a tumultuous first year just ended, tv syndication's most ambitious program, "Entertainment Tonight," keeps breaking new ground. See Page 59.

INTERNATIONAL

The death-from-Tylenol scare in the U.S. has not reached anywhere near the scale of reaction

outside the country. See Page 48.

Unilever's U.K. subsidiary Elida Gibbs has started a massive ad campaign for its new Mentadent P toothpaste, with the shadow of a possible legal dispute with Colgate-Palmolive hanging over it. See Page 48.

MAGAZINE

Award-winning tv commercial director Joe Sedelmaier works by his own set of rules, with one standing above all the others: You have to entertain to sell. See Page M-4.

Jim Brady's colorful perception of Paris is revealed in a notebook he filed while visiting in October. See Page M-6.

Retail Marketing: With more merchants vying for the same shopper, retailers are finding they must sell more than just merchandise. See Page M-9.

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Kero-Sun to break issue ads

By GAY JERVEY

To combat recent negative publicity surrounding the safety and efficacy of its kerosene heaters, Kero-Sun will soon break "issue-type" advertising in newspapers, consumer and trade magazines.

While declining to give budget figures, a spokeswoman for the Kent, Conn.-based company indicated that the effort would be "sizeable." Young & Rubicam, New York, is the agency.

The campaign comes on the heels of a \$41 million lawsuit that Kero-Sun filed last month against Consumers Union, publisher of "Consumer Reports" magazine. In its October issue, the publication recommended against the use of kerosene heaters. Three million units were sold in 1981 alone.

With sales of \$1.3 billion a year, Kero-Sun reportedly claims 35% of the American kerosene heater business. Some sources are predicting 1982 sales will top 6 million units.

Despite their popularity, "CR" feels kerosene heaters to be more dangerous than electric heaters, which cost considerably more to (Continued on Page 78)

The big five-oh— and what it spent

By Louis J. Haugh

The nation's 50 leading retailers increased their advertising and promotion investment almost \$1.2 billion a day last year over 1980. The gain accompanied a sales increase of \$55.7 billion a day over 1980.

These 50 companies, according to an exclusive report conducted for Advertising Age Magazine, increased their advertising investment in 1981 by 11.4% over 1980's figure. Total spending last year totaled \$4.2 billion. Their sales increased by 11% to \$204.9 billion.

The figures for these companies generally outpaced the inflation rate and reflected continuing efforts by these retailers to woo customers in generally difficult economic times. Sears, Roebuck & Co., for example, increased its advertising outlays as part of an effort to turn its giant retail business around.

The advertising-to-sales ratio of the top 25 general merchandisers climbed slightly last year while the ad-to-sales ratio of the top 25 food store operators dipped slightly.

Over the last nine years since ADVERTISING AGE began reporting sales and advertising figures for the top 50 retailers, sales have grown from \$96.7 billion and advertising from \$2.2 billion. While average year-to-year sales among these companies have increased 12.4%, advertising has

Louis J. Haugh, managing partner, Westport Marketing Group, Westport, Conn., has been compiling the sales and advertising expenditures of the leading retailers for ADVERTISING AGE for nine years.

Tracking the stats

The information on sales and estimated advertising outlays for the top 50 retail operations in the U.S. was developed by the Westport Marketing Group, Westport, Conn., which mailed a questionnaire to the top 50 companies last year. The responses, plus information from *Chain Store Age*, *Progressive Grocer*, *Business Week* and trade associations, were used in compiling the figures.

General merchandise and supermarket advertising expenditures estimates include newspaper, broadcast, direct mail, catalog, co-op and other promotion media.

increased an average of 9.9% each year. They have remained fairly consistent advertisers.

Last year, only five of the top 50 retailers reported sales of less than \$1 billion. Twenty-five of these companies invested more in advertising, most of it in local ads, particularly in newspapers, than did Canon U.S.A., the 100th largest national advertiser in the U.S., as profiled in the 100 Leading National Advertisers issue (AA, Sept. 9). Three of these retailers, Sears, K mart Corp. and J.C. Penney Co., are among the largest national advertisers, as well. Two others, Batus retail division—which includes Gimbel's, Saks Fifth Avenue, Kohl's, Thimbles and, beginning in 1982, Marshall Field & Co.—and Montgomery Ward & Co., are profiled as part of their parent companies, B.A.T.

Industries PLC and Mobil Corp. respectively, in that issue.

There have been a number of changes among the top 25 general merchandisers. For example, Wal-mart acquired Kuhn's Big K stores. Associated Dry Goods acquired Caldor, and, for the first time, sales of Marshall Field & Co. have been combined in the Batus retail group.

Among the top 25 general merchandise companies, sales last year were \$108.4 billion, up 11.5% over 1980. Advertising investment was up 12% to \$3.2 billion. A gain of \$346 million in advertising increased the ad-to-sales ratio to 2.96%. Over the last nine years, the ad-to-sales ratio has averaged 3.03%.

The leader among the general merchandisers was Sears, which picked up its spending last year after cutting back the year before. Sears' national and local spending was up 17.1% over the year earlier, even though retail sales volume climbed only 7.3% during the same period.

Among the leading supermarket companies, Safeway Stores increased its spending \$9 million to \$160 million, Kroger Co. also increased its outlay about \$9 million to \$131 million last year. Lucky Stores' investment was up \$5.7 million to \$53.5 million.

Sales among the top 25 supermarket companies over-all were up 9.5% over the year earlier to \$96.6 billion. Advertising investment was up 9.4% to \$977 million last year. The advertising-to-sales ratio dipped to 1.01% last year among these food store operators after three years at the 1.02% level. Over the last nine years, the ratio has averaged 1.12% but has been down five of those years and has never gone up.

General merchandisers 1981

Sales rank	Company	Advertising	Sales
1	Sears, Roebuck & Co.	\$829,000,000	\$18,229,000,000
2	K mart Corp.	349,000,000	16,527,000,000
3	J.C. Penney Co.	355,000,000	11,860,000,000
4	F.W. Woolworth Co.	181,000,000	7,223,000,000
5	Federated Dept. Stores	188,800,000	7,067,700,000
6	Montgomery Ward & Co.	180,000,000	5,743,000,000
7	Dayton-Hudson Corp.	103,000,000	4,942,900,000
8	Wickes Corp.	60,000,000	4,100,100,000
9	May Dept. Stores	97,500,000	3,149,800,000
10	Household Merchandising	40,000,000	2,911,100,000
11	Carter Hawley Hale Stores	74,900,000	2,870,700,000
12	Associated Dry Goods Corp.	182,000,000	2,751,200,000
13	Allied Stores Corp.	120,000,000	2,732,700,000
14	R.H. Macy & Co.	127,000,000	2,656,700,000
15	Rapid American Retail Group	18,500,000	2,646,900,000
16	Batus Retail Group	60,000,000	2,617,100,000
17	Wal-Mart Stores	36,000,000	2,444,900,000
18	Zayre Corp.	60,000,000	1,797,100,000
19	Tandy Corp.	20,000,000	1,691,000,000
20	Belek Stores	25,000,000	1,365,000,000
21	Mercantile Stores Co.	25,100,000	1,269,500,000
22	Melville	17,000,000	1,060,100,000
23	SCOA Industries	18,400,000	1,057,600,000
24	Service Merchandise	15,000,000	1,027,100,000
25	G.C. Murphy Co.	20,000,000	817,800,000
Total		\$3,211,200,000	\$108,359,000,000

Source: Westport Marketing Group, 1981

Top 25 grocery retailers 1981

Sales rank	Company	Advertising	Sales
1	Safeway Stores	\$160,000,000	\$16,580,300,000
2	Kroger Co.	131,054,000	11,266,520,000
3	Lucky Stores	53,500,000	7,201,000,000
4	American Stores Co.	79,750,000	7,119,650,000
5	Great A & P Tea Co.	82,650,000	6,226,755,000
6	Winn-Dixie Stores	49,900,000	6,200,167,000
7	Southland Corp.	34,250,000	5,734,160,000
8	Jewel Cos.	60,800,000	5,310,000,000
9	Grand Union Co.	64,300,000	4,290,000,000
10	Albertson's	19,650,000	3,480,570,000
11	Supermarkets General Corp.	38,000,000	2,998,500,000
12	Dillon Cos.	21,300,000	2,494,578,000
13	Publix SuperMarkets	18,300,000	2,375,803,000
14	Stop & Shop Cos.	32,000,000	2,205,385,000
15	Petrolane	18,400,000	1,878,085,000
16	Giant Food	16,500,000	1,735,600,000
17	Fisher Foods	13,900,000	1,555,425,000
18	Waldbaum	12,800,000	1,416,589,000
19	Pantry Pride	13,300,000	1,225,263,000
20	First National	16,000,000	1,174,800,000
21	Borman's	10,900,000	1,061,840,000
22	Cullum	9,500,000	974,934,000
23	Weis Markets	7,400,000	756,800,000
24	Food Town	6,400,000	666,848,000
25	Schnuck's	6,500,000	650,000,000
Total		\$977,054,000	\$96,579,572,000

Source: Westport Marketing Group, 1981

Retailers know they belong

The top 50 retailers play a role in the everyday lives of most Americans.

The top 25 general merchandisers operate more than 30,500 stores and the top 25 supermarkets operate more than 18,000 food stores.

However, it is not always possible to tell the corporate parent because some of these companies operate under many different "brand" names. In addition, some general merchandise companies have sizable food store sales and some supermarkets operate general merchandise stores.

In order to tell the local players, here is a scorecard of some of the leading chains.

- The largest, Sears, Roebuck & Co., has only one retail name, although it also operates Allstate Insurance Cos., a full-line insurance company; Dean Witter Reynolds, a brokerage, and Coldwell, Banker & Co., a real estate concern. They make Sears one of the largest financial ser-

vices organizations in the country.

- K mart operates K mart stores, Kresge, Jupiter and Furr's stores.

- F.W. Woolworth has Woolworth, Woolco, Foot Locker, J. Brannan and Kinney Shoe stores. (Earlier this year Woolworth announced it would sell or close down its Woolco operation.)

- Federated Department Stores' lineup includes Bloomingdale's, Abraham & Strauss, Burdine's, Foley's, Bullock's, Rich's, Gold Circle, Lazarus, Filene's, Sanger Harris, Richway, I. Magnin, Shillito's, Goldsmith's, Pike's, Boston Store, Levy's and Ralphs supermarkets.

- Dayton Hudson operates Target, Mervyn's, Hudson's, Dayton's, B. Dalton, Lechmere and John A. Brown.

- May Department Stores operates Venture, May-California and Cleveland, Hecht, Famous Barr, Kaufmann's, Volume Shoes, Meier & Frank, G. Fox,

O'Neill's, Strauss, May D & F and May-Cohen's.

- Carter Hawley Hale operates Broadway, Emporium-Capwell, Neiman-Marcus, John Wanamaker, Waldenbooks, Weinstock's, Thalhimer and Contempo Casual.

- Associated Dry Goods operates Caldor, Lord & Taylor, J.W. Robinson, Joseph Horne, L.S. Ayres, Sibley-Hengerer, Stix, Baer & Fuller, Denver Dry Goods, Hahne, Stewart's, Goldwaters, Pogue's, Robinson's, Powers Dry Goods and Sycamore.

- Allied Stores operates Jordan Marsh, The Bon, Joske's, Maas Bros., Gertz, Pomeroy's, Stern's, Donaldson's, Bonwit Teller, Block's, Reed's, Cain Sloan, Troutman's, Garfinkel, Brooks Bros. and Miller & Rhoads.

Coming

Next week Advertising Age Magazine presents the annual Media Outlook issue.